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IN THE

SUPREME COURT OF THE UNITED STATES.

OCTOBER TERM, 1940.

No. 518.

OBEAR-NESTER GLASS COMPANY,
Plaintiff-Petitioner,

v.

WALGREEN DRUG STORES, INC.,
Defendant-Respondent,

and

CORNING GLASS WORKS,
Intervenor-Respondent.

PETITIONER'S REPLY TO ANSWER OF RESPONDENTS.

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We submit that the answer of the respondents to our Petition for Writ of Certiorari is eloquent proof of the soundness of the points advanced in the Petition for granting of the writ. After initially employing the usual stock assertions of a respondent that "no reason is apparent" why the writ should be granted, that "merely an issue of fact" is involved between the parties, and that "no questions of general or public interest" are involved,* the body of the respondents' answer not only fails to substantiate these assertions and to negative the points urged by the petitioner, but actually emphasizes the petitioner's

*With which assertions this Court is doubtless familiar, which it doubtless expects, and which it doubtless peruses with skepticism.

contention that this Court should grant the writ prayed for, as we more particularly point out in the few succeeding pages. After all, from the very realistic standpoint of expense, counsel for petitioner could not permit its client to seek the aid of this Court on grounds so futile as a mere hope that this Court would reverse a purely factual conclusion of the Court of Appeals.

Certainly the Eighth Circuit Court of Appeals has decided issues of fact between the parties, *but manifestly that is the ultimate and not the basic phase of the present controversy.* The basic phase of this controversy is the peculiar law promulgated by the Court of Appeals as a foundation essential to its ultimate conclusions as to descriptive properties and similarity. Without those confusing and conflicting interpretations of the *law*, the conclusions could not have been reached. We attack the *law*, rather than the conclusions. The conclusions will adjust themselves upon application of the proper law.

To illustrate, the Court in effect said: The *law* of physics is that black is a reflection of all color; the *fact* here is that this white material reflects all color; hence, as a *matter of fact*, this white material is black.

Would this Court refuse to hear such a case because the ultimate conclusion was expressed in terms of *fact*, where the conclusion was based upon a glaring error in the law?

Clearly, the ultimate fact issues which affect only the parties hereto could not have been decided as they were had the court below in the first place decided the controlling principles in accordance with the law as it existed theretofore. Those controlling principles enunciated into law affect not only the parties here, but all owners of registered trade-marks.

We pause for a moment to point out that the respondents' allegations of misstatements and untruths are no answer to our urged points. Furthermore, the fact that such "misstatements" and "untruths" are quite ac-

curate and true leads one to believe that the respondents are attempting to circumvent their lack of valid replies to the substance of the petition by such unnecessary tactics. As examples, we stand by the record (pp. 155-186 and 402-404), which is better than any argument, that there *is* evidence of confusion (Ans., Footnote 12, p. 8), and that there was *no hearing* involved in the peculiar procedure by which the respondents obtained from the Court of Appeals a "correction" of the opinion, since a memorandum is no hearing (Ans. 13).

"Petitioner's Point 1" (p. 10).

The first thing notable about the respondents' argument as to Point 1 is that the respondents do not deny that the Court of Appeals established the law of disclaimer in trade-mark registrations, nor that it is new law, but only argue that it is *good* law, and then argue why they consider it good law.

Now, we contend that it is bad law, but most of all we here contend that it is confusing and conflicting law. We hope this Court will decide whether or not it is controlling law, and whether or not the contrary precedents are bad law. But the reason for granting the writ resides in the confusion and conflict in grafting upon a statute thirty-five years old a new restriction, after *every* interpretation, commercial and legal, during the interval, *has been directly contrary.*

The respondents urge that the facts here are unique, but it is significant that they do not point out any specific singular facts to which to tie the broad assertion! Actually, there *is* nothing singular about the present facts.

The respondents contend that in the 1900 registration of REX the petitioner asserted its right to REX for bottles, whereas, in the 1927 registration, the petitioner "limited its asserted right to prescription bottles, omitting any

claim to bottles as a broad class." The respondents go on to say that (p. 11):

> "Under Rule 22-b of the Patent Office, printed on page 19 of Petitioner's brief, the Petitioner here could, in 1927, have claimed Rex as applied to bottles as a class* and could have specified prescription bottles as the particular goods to which the mark was applied. To state it differently, Petitioner in 1927 could have used the exact words for defining the scope of its registration as it used in its 1900 registration."

The respondents predicate their argument on a "state of facts" said to have been clearly in the mind of the Court of Appeals, and upon which it is said to have based its decision relative to petitioner's registration in 1900 and its registration in 1927. *But how could a registration in 1900 under one statute possibly have any proper bearing on a registration under a superseding statute and its amendment not even in existence until five and six years later!*

The petitioner, in 1927, did exactly what the superseding statute of 1905, as amended in 1906, *required* to obtain the registration here at issue, regardless of prior laws now nonexistent relative to its former registration. What it did to obtain this 1927 registration is what *every other registrant has done since 1906.*

In short, there cannot be the slightest doubt that the Court of Appeals applied a disclaimer rule to 1905 registrations generally. The decision expresses no limitations and jeopardizes the effectiveness of *every mark registered under the Act.* Any other assumption leads to an absurdity.

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*Respondents' gratuitous assumption is directly refuted by a decision cited in our main brief. *There is no class of bottles. Ex parte Scurlock Kontanerette Co.*, 37 USPQ 87. Petitioner could not have done other than it did. Note the necessary assumption that the 1906 Amendment is substantive, a violent departure from the uniform practice heretofore that it is procedural only.

Under the 1905 Act and its 1906 Amendment, it is required that an applicant for registration designate one of the formal classifications of the Patent Office, here Class 33, Glassware, and then designate the particular goods within that class upon which the mark has *actually been used.* As our main brief points out, this is a *procedural* ritual, or has been assumed to be, until this decision. An applicant may not create his own classification, as the respondents erroneously (and surprisingly) state in their argument anent "bottles as a class." The *Scurlock* case, *supra,* flatly decides this precise point contrary to the argument. Yet, without that argument, the respondents' entire theory expressed in the paragraph quoted above must fail.

The respondents' argument clearly demonstrates the conflicting result of the Court of Appeals decision, as that decision made the same assumption. There is, therefore, genuine need for a ruling by this Court to unify and to establish a consistent interpretation of the 1906 Amendment, never heretofore considered bv it.

On page 15 of respondents' Answer is stated:

> "* * * for as we have pointed out, there never has been, and probably never will be, a case like this where the registrant on registering his trade-mark voluntarily limits the scope of the description of the goods set out in it, * * *."

The respondents are contending for something which does not exist. There is *no difference* in the manner in which the petitioner complied with the statute in 1927 and the manner in which the respondent Corning and the thousands of others have complied with it.

In the first place, the idea of uniqueness of this alleged disclaimer is defeated by the fact that petitioner's 1927

registration, as do practically all others, follows precisely the form set forth by the Patent Office in its Trade-Mark Rule Book, entitled "United States Statutes Concerning the Registration of Trade-Marks," etc. Petitioner's registration No. 231,759 states:

> "Obear-Nester Glass Company, a corporation * * * has adopted and used the trade-mark shown in the accompanying drawing for PRESCRIPTION BOTTLES MADE OF GLASS, Class 33, Glassware."

Form (C), page 38, of the aforesaid Rule Book, entitled "Petition and statement for a Corporation," includes:

> "*William Johnson Company,* a corporation * * * has adopted and used the trade-mark shown in the accompanying drawing for *canned fruits and vegetables*
> (Particular description of goods)
> in Class 46, Foods and ingredients of foods."
> (Number and title of class—see classification)

The exact form words appeared in the edition made up in 1909 and have continued ever since in the Rule Books. Petitioner followed this form diligently, and so have the thousands of other registrants.

In the respondent Corning's registration No. 190,518 (R. 987), it is stated:

> "* * * Corning Glass Works * * * has adopted and used the trade-mark shown in the accompanying drawing, for NURSING BOTTLES, in Class 44, Dental, medical and surgical appliances."

The Respondents certainly do not claim that the Corning registration No. 190,518 is a "disclaimer type" registration. Yet it is the same as the REX trade-mark No. 231,759. Again, how can the REX registration No. 231,759 be *unique,* as contended by the respondents, when the PYREX registration No. 190,518 is similarly drawn? The PYREX registration No. 115,846 is also similarly drawn (R. 985).

We ask this Court to take judicial notice of several trade-mark registrations which we have selected at random from those found in our office, each of which is drawn in accordance with the required phraseology found in the REX trade-mark No. 231,759. Or *any* trade-mark regis-istration certificates issued under the 1906 Amendment will suffice.

The first of these marks is No. 118,507, registered September 18, 1917, which reads:

> "* * * The Emerson Electric Manufacturing Company * * * has adopted and used the trade-mark shown in the accompanying drawing, for the title of a monthly publication, in Class No. 38, Prints and publications."

Another registration is No. 221,010, registered November 23, 1926, which reads:

> "Murphy Gorman Company * * * has adopted and used the trade-mark shown in the accompanying drawing, for MEN'S SOFT AND VELOUR FELT HATS, in Class 39, Clothing."

Another trade-mark is No. 188,900, registered September 2, 1924, which reads:

> "* * * Rigney & Co. * * * adopted and used the trade-mark shown in the accompanying drawing, for CANDY, in Class 46, Foods and ingredients of foods."

We could multiply to the complete list issued the registrations which fall under the shadow of the decision of the Eighth Circuit Court of Appeals, since they, as the REX registration No. 231,759 (and Corning's), specify the particular goods in accordance with the requirements of the statutes and the rules of the Patent Office. The foregoing, however, are decisive of the point made.

Manifestly, therefore, the respondents' contentions of "uniqueness" in respect to this fundamental point urged by the petitioner are not only without basis whatsoever, but are, in their utter futility, favorable to the petitioner's assertion that the law enunciated by the Eighth Circuit Court of Appeals in respect to trade-mark "disclaimer" is unsound and should be reviewed by this Court in order to clarify the existing confusion. Certainly so complete a metamorphosis in the interpretation of the 1906 Amendment, reversing rules of court, Patent Office and commerce of thirty-four years' standing, should come only from this Court.

"Petitioner's Point 2" (p. 11).

The respondents here advance nothing which is material to the point actually urged by the petitioner, conceding by such failure the pertinence of the point.* The *point* is that the disclaimer rule established in the Eighth Circuit is contrary to the assumptions of long standing amounting to *stare decises.*

The respondents cling to actual deception and conclude that, where no deception in fact exists, the question of the descriptive properties of the goods is irrelevant. This conclusion exhibits an effort to sidestep the point involved, and shows an intentional attempt to confuse an element of certain types of unfair competition with trade-mark infringement. We proved actual confusion, but as this Court knows, likelihood of confusion is sufficient to sustain a holding of trade-mark infringement, which holding must perforce include a consideration of the marks and of the goods as to descriptive properties.

Respondents again harp on their concept of uniqueness of the facts of this case. We shall not restate our answers appearing above, but do again note that the only unique

*Throughout respondents' Answer there is evidence of a policy to avoid statement of the issues and to divert by centrifugal argument.

thing about this case is the novel and strange law established by the Court of Appeals.

It is not our position that other cases have precisely enunciated the rule. It is our position that all other cases have, as necessary to their conclusions, uniformly assumed a contrary rule so that there is a situation of *stare decisis* that should not be suddenly overruled after thirty-four years, other than by this Court.

Respondents do not answer these cases.

Respondents state that "substantially the same descriptive properties" is a "curiously vague term." This apt phrase would not be used if this Court had ever established a meaning to create uniformity out of chaos.

Actually, respondents urge that the courts have established a liberal "common origin" rule, but the whole difficulty here is that the present decision does not by any means apply that rule. Hence, *respondents confirm* our argument of *the conflict* aggravated by this decision.

Manifestly, therefore, the issue can only be resolved by this Court.

"Petitioner's Point 3" (p. 12).

Petitioner's statement of Point 3 involves a deft bit of tangential argument. The point of expansion of business is *not* that it protects *not only* for goods of the same descriptive properties, but *also* for goods as might naturally be supposed to come from the trade-mark owner. The established rule actually is that "goods as might naturally be supposed to come from him" *ipso facto are* goods of the same descriptive properties.

And so *L. E. Waterman Co. v. Gordon*, 72 F. (2d) 272 held. This definitely was a case on a *registered* trademark in direct conflict with the present Court of Appeals' decision.

It is significant that the respondents fail to even mention the case of *Rosenberg Bros. & Co. v. Elliott,* 77 F. (2d) 692 (C. C. A. 3) which, under Point 3, we so carefully pointed out to have been misinterpreted by the Eighth Circuit Court of Appeals. This failure of the respondents is doubly significant when it is appreciated that the *Rosenberg* case was the *only* one upon which the Eighth Circuit Court of Appeals based its ruling that the expansion of business doctrine does not apply to an action of infringement based upon a registered trade-mark. Manifestly, therefore, the respondents now agree with us that the *Rosenberg* case was misinterpreted by the Eighth Circuit Court of Appeals, and that it supports the expansion of business doctrine.

The respondents quote from the Eighth Circuit Court of Appeals opinion which in part reads:

> "So here, the defendant could not certainly, in *face of the declared purpose* of plaintiff to limit its trade-mark 'Rex' to prescription bottles * * * have anticipated that it would begin to manufacture and sell nursing bottles." (Emphasis ours.)

But, the respondents say no limitation is present in the 1900 registration of REX, *which was in force in 1915 when PYREX was first used, 1922 when respondents claim to have started making nursing bottles marked PYREX, and until 1930.* Registration under the 1905 Act was not until *1927!* How could the alleged "declared purpose * * * to limit" in the *1927* registration affect the respondents' actions of *1915 and 1922?* The point but further emphasizes the unsoundness of the foundation of the decision and respondents' position.

Further smoke screen tactics in respect to Point 3 include the respondents' statement (p. 14) that the

> "* * * petitioner seeks to differentiate (page 29) the Emerson case on the ground that that case 'related solely to a matter of notice' * * *."

Turning to page 29 of the petitioner's brief, there is found that the point of notice referred to a particular *part* of the *Emerson* decision quoted by the Eighth Circuit Court of Appeals. Basically, the *Emerson* case is distinguished in that it went off on the point of *unfair competition*, the plaintiff there being *denied* a technical registered trademark status in its mark. We wonder at the respondents' reliance on the *Emerson* case in view of their objection to unfair competition decisions!

Manifestly, therefore, the petitioner's third point is sound, and the ruling of the Eighth Circuit Court of Appeals in respect to the expansion of business doctrine requires review by this Court to clarify the issue, and to eliminate the conflict with the cases in other circuits such as the Second and Third.

"Petitioner's Point 4" (p. 14).

Since the respondents fail to attack the substance of our point and only announce that it "must, therefore, be assumed that the" Eighth Circuit Court of Appeals found mistakes of fact, extended comment is unnecessary. However, we point out that any facts "established either by admissions or by undisputed testimony" were certainly before the District Court to achieve such status. And we reiterate that the reversal of the ultimate and allegedly fact issues of the District Court upon a basis of manifestly unsound law comprises an aggravated case of disregard of the rule that the fact findings of a district court are to be accepted as correct unless clearly erroneous.

Clearly, therefore, only a ruling by this Court can clarify the issue and define the correct rule.

"Petitioner's Point 5" (p. 15).

The point advanced here by the respondents of the uniqueness of the petitioner's 1927 registration of REX has been treated under the discussion of "Petitioner's Point 1," *supra*. We repeat here that there is nothing singular about the REX registration No. 231,759. It includes merely a compliance with the requirements of the statutes and the Patent Office rules. The several hundred thousand other registrations and it are on a common plane. The respondents insist that the petitioner has disclaimed in its trade-mark No. 231,759. Can there be any other conclusion but that the several hundred thousand other registrants, including the respondent Corning, have disclaimed in respect to their trade-marks?

Surely, the respondents' own assertions in respect to the alleged disclaimer in the petitioner's trade-mark 231,759 gives added impetus to the petitioner's assertion that the novel law instituted by the Eighth Circuit Court of Appeals in respect to disclaimer in a trade-mark is affected with a public interest and should be reviewed by this Court. Similarly, the respondents' failure to fundamentally attack the petitioner's assertions in respect to the Eighth Circuit Court of Appeals' refusal to apply the expansion of business doctrine to registered trade-marks accentuates the petitioner's position that this point likewise is affected with a public interest and should be reviewed by this Court.*

Conclusion.

We submit, therefore, that the respondents' answer strengthens rather than weakens our petition, and emphasizes that the fact issues decided by the Eighth Circuit Court of Appeals upon which the respondents rely are

*We refrain from answering respondents' peroration on the merits of the case. We feel that any such argument would be improper at this time.

secondary to and dependent upon the law of the case which the Eighth Circuit Court of Appeals has decided so contrary to existing law. When the fundamental law of the case is correctly defined, then, and only then, can the superstructure issues of fact be properly decided.

We again urge that the petition for certiorari be granted.

Respectfully submitted,

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